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**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEW JERSEY**

In re:

BLOCKFI INC., *et al.*,

Debtors.<sup>1</sup>

Chapter 11

Case No. 22-19361 (MBK)

(Jointly Administered)

Judge: Michael B. Kaplan

**FIRST SUPPLEMENTAL DECLARATION OF BARAK KLEIN IN SUPPORT  
OF APPLICATION OF DEBTORS AND DEBTORS IN POSSESSION FOR  
ENTRY OF ORDER AUTHORIZING EMPLOYMENT AND RETENTION OF  
MOELIS & COMPANY LLC AS INVESTMENT BANKER, CAPITAL MARKETS  
ADVISOR, AND FINANCIAL ADVISOR EFFECTIVE AS OF THE PETITION DATE**

<sup>1</sup> The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's federal tax identification number, are: BlockFi Inc. (0015); BlockFi Trading LLC (2487); BlockFi Lending LLC (5017); BlockFi Wallet LLC (3231); BlockFi Ventures LLC (9937); BlockFi International Ltd. (N/A); BlockFi Investment Products LLC (2422); BlockFi Services, Inc. (5965) and BlockFi Lending II LLC (0154). The location of the Debtors' service address is 201 Montgomery Street, Suite 263, Jersey City, NJ 07302.

I, Barak Klein, declare, pursuant to 28 U.S.C. § 1746, under penalty of perjury that the following is true and correct to the best of my knowledge, information, and belief:

1. I am a Managing Director in the Recapitalization and Restructuring Group at Moelis & Company LLC (“Moelis”), the proposed investment banker, capital markets advisor, and financial advisor to the above-captioned debtors and debtors-in-possession (the “Debtors”) in the above-captioned chapter 11 cases (the “Chapter 11 Cases”), which has its principal office at 399 Park Avenue, 5th Floor, New York, New York 10022.

2. I am authorized to submit this supplemental declaration (the “Supplemental Declaration”) to my declaration dated December 22, 2022 (the “Original Declaration,” attached as Exhibit B to the *Application of Debtors and Debtors in Possession for Entry of an Order Authorizing the Employment and Retention of Moelis & Company LLC as Investment Banker, Capital Markets Advisor, and Financial Advisor Effective as of the Petition Date* [Docket No. 139] (the “Application”).<sup>2</sup>

3. I am submitting this Supplemental Declaration at the request of the Office of the United States Trustee.

4. The facts set forth in this Supplemental Declaration are based upon my personal knowledge, upon information and belief, or upon client matter records kept in the ordinary course of business that were reviewed either by me or other employees of Moelis under my supervision and direction. If called and sworn as a witness, I could and would testify competently to the facts set forth herein.

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<sup>2</sup> Capitalized terms used but not otherwise defined herein have the meanings given to them in the Application.

**Supplemental Disclosures**

5. In paragraph 23 of my Original Declaration, I disclosed that within the 90-day period prior to the Petition Date, Moelis was paid the following by the Debtors: (a) the Retainer Fee in the amount of \$500,000; (b) Monthly Fees in the amount of \$200,000; and (c) the Expense Retainer in the amount of \$25,000 (collectively, the “Pre-Petition Payments”). The following are supplemental details regarding these Pre-Petition Payments: (a) Moelis’ Engagement Letter was executed by the Debtors on November 20, 2022; (b) Moelis issued an invoice to the Debtors for the Pre-Petition Payments on November 21, 2022; and (c) the Debtors paid Moelis the Pre-Petition Payments on November 22, 2022.

6. As a supplement to paragraph 27 and Schedule 1 of my Original Declaration, under my direction and supervision, Moelis has performed a connections check of all parties on the list of Potential Parties in Interest to identify any actual or potential conflicts of interest. For the avoidance of doubt, Moelis understands from Debtors that this list of Potential Parties in Interest included, but was not limited to, the Debtors’ clients who hold digital assets in an amount of at least \$250,000 on an aggregate basis in their rehypothecated accounts as of the Petition Date.

7. As part of its connections check, Moelis checked to confirm: (a) that its employees are not officers, directors or employees of the Debtors, and (b) that the Moelis engagement team members assisting the Debtors in these Chapter 11 Cases are not officers, directors or employees of other parties in interest in these Chapter 11 Cases. Moelis is unaware of any of its employees serving as officers, directors or employees of parties in interest in these Chapter 11 Cases. To the extent that Moelis becomes aware in the future of any such relationship, Moelis will supplement its disclosures in these Chapter 11 Cases accordingly.

8. Moelis has not earned fees from any entity on the list of Potential Parties in Interest in excess of 1% of Moelis's gross annual revenue averaged over 2021 and 2022.

9. While Moelis has disclosed in the Original Declaration certain engagements related to crypto-related entities on the list of Potential Parties in Interest, no such engagements are related to the Debtors or these Chapter 11 Cases except as otherwise set forth in the Original Declaration or this Supplemental Declaration.

10. As a supplement to the Original Declaration, the company referred to in paragraph 32 of my Original Declaration is Core Scientific, Inc. ("Core Scientific"), which is now a debtor in its own pending chapter 11 case styled *Core Scientific, Inc., et. al.*, Case No. 22-90341 (DRJ) (Bankr. S.D.Tex. 2022) (the "Core Scientific Bankruptcy Case"). Moelis currently advises an ad hoc group of bondholders (the "Bondholder Ad Hoc Group") in the Core Scientific Bankruptcy Case. Moelis understands that the Debtors hold certain loans issued by Core Scientific in an amount representing less than 2.5% of the Debtors' assets as of the Petition Date. Moelis further understands that the Debtors also hold certain bonds issued by Core Scientific representing less than 0.5% of the Debtors' assets as of the Petition Date, which bonds are represented by the Bondholder Ad Hoc Group being advised by Moelis in the Core Scientific Bankruptcy Case. The Debtors are not currently members of the Bondholder Ad Hoc Group. Moelis intends to continue its representation of the Bondholder Ad Hoc Group in the Core Scientific Bankruptcy Case. Certain members of the Moelis engagement team assisting the Debtors in these Chapter 11 Cases also serve on the Moelis team assisting the Bondholder Ad Hoc Group in the Core Scientific Bankruptcy Case. No information related to Moelis' services to the Debtors in these Chapter 11 Cases will be shared with the Bondholder Ad Hoc Group, and no information related to Moelis' services to the Bondholder Ad Hoc Group in the Core Scientific Bankruptcy Case will be shared

with the Debtors. Additionally, BRG is the Debtors' financial advisor and is responsible for handling matters relating to Core Scientific for the Debtors. Moelis is being paid flat monthly and transaction-based fees for all services performed for the Debtors in connection with these Chapter 11 Cases, and for the avoidance of doubt, no services performed by Moelis for the Bondholder Ad Hoc Group will be billed to the Debtors in these Chapter 11 Cases. Finally, Moelis believes that since the Bondholder Ad Hoc Group and the Debtors hold similar investment interests in Core Scientific, the Bondholder Ad Hoc Group's interests are generally aligned with those of the Debtors as to Core Scientific.

11. As a supplement to paragraph 35 of my Original Declaration, I recently became aware that in July 2021, one of the bankers serving on the Moelis engagement team assisting the Debtors in these Chapter 11 Cases made an investment totaling \$18,500 (the "SPV Investment") in a special purpose vehicle named "AVGSF – BlockFi 2021, LLC" (the "SPV"), which in turn is itself an equity holder of the Debtors (this SPV was not listed on the Debtors' initial list of Potential Parties in Interest). The equity investment of this SPV in the Debtors at that time totaled approximately \$4,074,008.80, and the portion of this SPV investment in the Debtors allocable to this Moelis banker amounted to approximately 0.0004% of the equity ownership in the Debtors. Importantly, this Moelis banker does not have control over the SPV.

12. Moelis and its engagement team members assisting the Debtors in these Chapter 11 Cases are currently unaware of any of Moelis' directors, officers or employees holding accounts with the Debtors. Should Moelis or any such engagement team members become aware of any such account holders in the future, Moelis will supplement its disclosures accordingly.

13. As part of its connections check, Moelis surveys the members of the Moelis engagement team involved in an engagement to determine if they have discretionary investment

accounts that hold discretionary investments in the debtors and other parties in interest in a chapter 11 case (as described in the Original Declaration, investments held through passive investment accounts, mutual funds, index funds or managed accounts are not included in this connections check). While certain engagement team members may hold discretionary investments in certain parties in interest in these Chapter 11 Cases, Moelis has not identified in its connections check any engagement team member holding discretionary investments in the Debtors.

14. Kirkland & Ellis LLP (“Kirkland”) serves as Debtors’ counsel in these Chapter 11 Cases. Kirkland has in the past provided and may continue to provide services to Moelis in matters unrelated to the Debtors in these Chapter 11 Cases.

15. Notwithstanding the supplemental disclosures set forth herein, I believe that Moelis remains disinterested and eligible for retention by the Debtors in these Chapter 11 Cases.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge.

Executed on this 15<sup>th</sup> day of February 2023.

/s/ Barak Klein  
Barak Klein  
Managing Director  
Moelis & Company LLC